



STATE OF ARIZONA
OFFICE OF THE GOVERNOR

DOUGLAS A. DUCEY
GOVERNOR

EXECUTIVE OFFICE

January 31, 2019

The Honorable Katie Hobbs
Secretary of State
1700 W. Washington, 7th Floor
Phoenix, AZ 85007

Dear Secretary Hobbs:

I am transmitting to you the following bills from the Fifty-fourth Legislature, 1st Regular Session, which I signed on January 31, 2019:

SB 1227 Colorado River drought contingency amendments (Fann)
SJR 1001 Colorado river drought contingency plan

Sincerely,

Douglas A. Ducey
Governor
State of Arizona

cc: Senate Secretary
Chief Clerk of the House of Representatives
Arizona News Service

Senate Engrossed
FILED
KATIE HOBBS
SECRETARY OF STATE

State of Arizona
Senate
Fifty-fourth Legislature
First Regular Session
2019

CHAPTER 1
SENATE BILL 1227

AN ACT

AMENDING TITLE 45, CHAPTER 1, ARTICLE 1, ARIZONA REVISED STATUTES, BY ADDING SECTION 45-118; REPEALING SECTION 45-118, ARIZONA REVISED STATUTES; AMENDING SECTIONS 45-514, 45-611, 45-613 AND 45-615, ARIZONA REVISED STATUTES; AMENDING TITLE 45, CHAPTER 2, ARTICLE 11, ARIZONA REVISED STATUTES, BY ADDING SECTION 45-615.01; REPEALING SECTION 45-615.01, ARIZONA REVISED STATUTES; AMENDING SECTION 45-802.01, ARIZONA REVISED STATUTES, AS AMENDED BY LAWS 2012, CHAPTER 312, SECTION 2; AMENDING SECTION 45-802.01, ARIZONA REVISED STATUTES, AS AMENDED BY LAWS 2013, CHAPTER 168, SECTION 4; AMENDING SECTIONS 45-851.01, 45-852.01, 45-853.01 AND 45-2425, ARIZONA REVISED STATUTES; AMENDING TITLE 45, CHAPTER 14, ARTICLE 3, ARIZONA REVISED STATUTES, BY ADDING SECTION 45-2457.01; AMENDING LAWS 2017, CHAPTER 305, SECTION 132; APPROPRIATING MONIES; RELATING TO WATER.

(TEXT OF BILL BEGINS ON NEXT PAGE)

Be it enacted by the Legislature of the State of Arizona:

Section 1. Title 45, chapter 1, article 1, Arizona Revised Statutes, is amended by adding section 45-118, to read:

45-118. Arizona system conservation fund; purpose; report

A. THE ARIZONA SYSTEM CONSERVATION FUND IS ESTABLISHED CONSISTING OF LEGISLATIVE APPROPRIATIONS, GRANTS AND CONTRIBUTIONS FROM PRIVATE AND PUBLIC ENTITIES. THE DIRECTOR SHALL ADMINISTER THE FUND. MONIES IN THE FUND ARE CONTINUOUSLY APPROPRIATED FOR THE PURPOSES OF THIS SECTION. THE DIRECTOR MAY SPEND MONIES FROM THE FUND TO CONTRACT WITH COLORADO RIVER WATER USERS IN THIS STATE THAT HOLD ENTITLEMENTS TO COLORADO RIVER WATER UNDER THE DECREE IN ARIZONA V. CALIFORNIA TO FORGO WATER DELIVERIES OR DIVERSIONS FOR THE PURPOSE OF CREATING SYSTEM CONSERVATION. CONTRACTS ENTERED INTO PURSUANT TO THIS SECTION ARE EXEMPT FROM TITLE 41, CHAPTER 23.

B. SYSTEM CONSERVATION CREATED THROUGH THE USE OF THE FUND SHALL PROVIDE FOR COLORADO RIVER WATER TO BE CONSERVED IN LAKE MEAD THROUGH A VERIFIED REDUCTION IN EXISTING CONSUMPTIVE USE IN ORDER TO DECREASE THE LIKELIHOOD OF LAKE ELEVATIONS DROPPING TO LEVELS THAT COULD RESULT IN REDUCTIONS TO THIS STATE'S COLORADO RIVER ALLOCATION. SYSTEM CONSERVATION MUST BE CREATED FOR THE BENEFIT OF THE COLORADO RIVER SYSTEM AND NOT FOR THE BENEFIT OF ANY INDIVIDUAL COLORADO RIVER WATER USER.

C. ON NOTICE FROM THE DIRECTOR, THE STATE TREASURER SHALL INVEST AND DIVEST MONIES EARNED AS PROVIDED BY SECTION 35-313, AND MONIES EARNED FROM INVESTMENT SHALL BE CREDITED TO THE FUND. MONIES IN THE FUND ARE EXEMPT FROM THE PROVISIONS OF SECTION 35-190 RELATING TO LAPSING OF APPROPRIATIONS.

D. BEGINNING JULY 1, 2021 AND ON JULY 1 EACH YEAR THEREAFTER, THE DIRECTOR SHALL SUBMIT A DETAILED REPORT TO THE GOVERNOR, THE PRESIDENT OF THE SENATE AND THE SPEAKER OF THE HOUSE OF REPRESENTATIVES AND PROVIDE A COPY OF THIS REPORT TO THE SECRETARY OF STATE. THE REPORT SHALL DESCRIBE THE EXPENDITURES MADE FROM THE FUND DURING THE PREVIOUS FISCAL YEAR AND THE VOLUME OF WATER THAT WAS CONSERVED IN LAKE MEAD.

Sec. 2. Delayed repeal

Section 45-118, Arizona Revised Statutes, as added by this act, is repealed from and after March 31, 2027.

Sec. 3. Section 45-514, Arizona Revised Statutes, is amended to read:

45-514. Mineral extraction and metallurgical processing permit; conditions for issuance; duration of permit

A. Except as provided in subsection D of this section, a person who is engaged in or proposes to engage in the extraction and processing of minerals shall be issued a permit to withdraw groundwater in the required amount, if all of the following apply:

1 1. The amount of groundwater available for mineral extraction,
2 metallurgical processing and compliance with applicable environmental
3 controls under a dewatering permit is insufficient.

4 2. Uncommitted municipal and industrial central Arizona project
5 water is not available at the point where the operator's wellhead or
6 distribution system would otherwise be, at a cost which does not exceed
7 the current municipal and industrial central Arizona project delivery
8 rates.

9 3. Other surface water of adequate quality or effluent of adequate
10 quality is not available at the point where the operator's wellhead or
11 distribution system would otherwise be, at a cost, including treatment
12 costs, which does not exceed by twenty-five ~~per cent~~ PERCENT the cost the
13 operator would otherwise incur in withdrawing groundwater.

14 4. The applicant does not own or lease type 2 non-irrigation
15 grandfathered rights originally based on withdrawals of groundwater for
16 the extraction or processing of minerals that the applicant is not using
17 or leasing and that can be used at the proposed location without imposing
18 an unreasonable economic burden on the applicant.

19 B. A permit issued pursuant to this section shall be granted for a
20 period of up to fifty years, subject to renewal under the same criteria
21 used in granting the original permit.

22 C. If, during the duration of a mineral extraction and
23 metallurgical processing permit, the director determines that uncommitted
24 municipal and industrial central Arizona project water is available or
25 surface water of adequate quality or effluent of adequate quality is
26 available to the permittee at a cost comparable to groundwater, the
27 director may require the permittee to use such water in lieu of
28 groundwater.

29 D. Beginning January 1 of the calendar year following the year in
30 which a groundwater replenishment district is required to submit its
31 preliminary plan pursuant to section 45-576.02, subsection A, paragraph 1,
32 and except for an application to renew a mineral extraction and
33 metallurgical processing permit, on receiving a permit application the
34 director shall not issue a permit for a well in the district unless at the
35 time the application is filed:

36 1. The director has determined that the district's plan for
37 operation is consistent with achieving the management goal, according to
38 section 45-576.03, subsection E, and the designation has not expired.

39 2. The master replenishment account, as established in section
40 45-858.01, does not have a debit balance in an amount in excess of the
41 amount allowed under section 45-576.01, subsection A, paragraph 3.

42 E. If, during the duration of a mineral extraction and
43 metallurgical processing permit issued after the effective date of this
44 amendment to this section, the permittee earns long-term storage credits
45 under section 45-852.01, subsection B for the storage of central Arizona

1 project water in the active management area in which the permittee has the
2 right to withdraw groundwater pursuant to the permit, and the central
3 Arizona project water qualified as water that cannot reasonably be used
4 directly due solely to the exclusion of groundwater withdrawn by the
5 permittee for mineral extraction or metallurgical processing pursuant to
6 section 45-802.01, paragraph ~~22~~ 23, subdivision (c), the director shall
7 establish a separate subaccount for those credits pursuant to section
8 45-852.01, subsection A. After each calendar year in which the permit is
9 in effect, the director shall debit the subaccount by the amount of
10 groundwater pumped by the permittee in the active management area during
11 that calendar year pursuant to the permit, not to exceed the amount of
12 long-term storage credits in the subaccount. This subsection shall not
13 apply to:

14 1. A mineral extraction and metallurgical processing permit issued
15 on or before the effective date of this amendment to this section,
16 including any renewal or modification of the permit.

17 2. A mineral extraction and metallurgical processing permit unless
18 the permittee was engaged in mineral extraction and metallurgical
19 processing within an initial active management area on or before January
20 1, 2011.

21 Sec. 4. Section 45-611, Arizona Revised Statutes, is amended to
22 read:

23 45-611. Groundwater withdrawal fee; amounts and purposes of
24 fee; exception

25 A. Except as provided in subsection B of this section, the director
26 shall levy and collect an annual groundwater withdrawal fee from each
27 person withdrawing groundwater in the Prescott active management area or
28 the person who owns the right to withdraw the groundwater, in an amount
29 not to exceed ~~five dollars~~ \$5 per acre-foot of groundwater withdrawn and
30 beneficially used. The director shall levy and collect an annual
31 withdrawal fee from each person withdrawing water, other than stored
32 water, from a well in the Santa Cruz active management area or the person
33 who owns the right to withdraw the water, in an amount not to exceed ~~five~~
34 ~~dollars~~ \$5 per acre-foot of water, other than stored water, that is
35 withdrawn and beneficially used. For THE purposes of this article, the
36 annual withdrawal fee levied and collected in the Santa Cruz active
37 management area shall be considered a groundwater withdrawal fee. The
38 actual amount of the fee levied and collected by the director pursuant to
39 this subsection shall be set by the director as follows:

40 1. For administration and enforcement of this chapter, an amount
41 not less than ~~fifty cents~~ \$.50 and not greater than ~~one dollar~~ \$1 per
42 acre-foot per year. The initial fee for administration and enforcement
43 shall be levied as soon as practicable after the active management area is
44 established.

1 2. For augmentation of the water supply of the active management
2 area, conservation assistance to water users within the active management
3 area and monitoring and assessing water availability within the active
4 management area, an amount not greater than ~~two dollars~~ \$2 per acre-foot
5 per year.

6 3. For purchasing and retiring grandfathered rights, an amount not
7 greater than ~~two dollars~~ \$2 per acre-foot per year. The initial fee for
8 purchasing and retiring grandfathered rights shall be levied in the first
9 year in which the director develops and implements a program for the
10 purchase and retirement of grandfathered rights as part of the management
11 plan for the active management area, but not earlier than January 1, 2006.
12 The director may not levy a fee under this paragraph on a district member
13 of a groundwater replenishment district that withdraws groundwater in the
14 district for a non-irrigation use in the district.

15 B. A person, other than an irrigation district, who withdraws
16 groundwater in an active management area from a non-exempt well for use
17 pursuant to an irrigation grandfathered right that is appurtenant to ten
18 or fewer irrigation acres and the person who owns the right to withdraw
19 the groundwater are exempt from the groundwater withdrawal fee
20 requirements of subsections A and C of this section for those withdrawals
21 unless the irrigation acres are part of an integrated farming operation.

22 C. Except as provided in section 45-411.01, subsection C and
23 subsection B of this section, the director shall levy and collect an
24 annual groundwater withdrawal fee from each person who withdraws
25 groundwater in the Tucson, Phoenix and Pinal active management areas or
26 the person who owns the right to withdraw the groundwater, in an amount of
27 not more than ~~five dollars~~ \$5 per acre-foot of groundwater withdrawn and
28 beneficially used. The director shall set the actual amount of the fee as
29 follows:

30 1. In the Tucson and Phoenix active management areas, beginning in
31 2017, for administration and enforcement of this chapter, an amount of at
32 least ~~fifty cents~~ \$.50 but not more than ~~one dollar~~ \$1 per acre-foot per
33 year. In the Pinal active management area, beginning in 2017, for
34 administration and enforcement of this chapter, an amount of not more than
35 ~~one dollar~~ \$1 per acre-foot per year.

36 2. ~~Through 2016,~~ For augmentation of the water supply of the active
37 management area, conservation assistance to water users within the active
38 management area and monitoring and assessing water availability within the
39 active management area, ~~an amount of not more than fifty cents per acre-~~
40 ~~foot per year, and after 2016,~~ an amount of not more than ~~two dollars~~ \$2
41 per acre-foot per year. If a permanent board of directors of an active
42 management area water district assumes office under section 48-4831, the
43 fee for augmentation under this paragraph shall not be levied in that
44 active management area.

1 3. In the Tucson and Phoenix active management areas, for Arizona
2 water banking purposes, the amount of ~~two dollars fifty cents~~ \$2.50 per
3 acre-foot per year. In the Pinal active management area, ~~through 2016,~~
4 ~~for Arizona water banking purposes, including replenishment under chapter~~
5 ~~15, article 3 of this title, the amount of two dollars fifty cents per~~
6 ~~acre-foot per year and, beginning in 2017, for Arizona water banking~~
7 ~~purposes, including replenishment under chapter 15, article 3 of this~~
8 ~~title, an amount of not more than two dollars fifty cents~~ \$2.50 per
9 acre-foot per year, EXCEPT THAT NO FEE SHALL BE LEVIED IN THE PINAL ACTIVE
10 MANAGEMENT AREA FOR THIS PURPOSE DURING CALENDAR YEARS 2020 THROUGH 2026.

11 4. For purchasing and retiring grandfathered rights, an amount of
12 not more than ~~two dollars~~ \$2 per acre-foot per year. The initial fee for
13 purchasing and retiring grandfathered rights shall be levied in the first
14 year in which the director develops and implements a program for the
15 purchase and retirement of grandfathered rights as part of the management
16 plan for the active management area, but not earlier than January 1, 2006.
17 The director may not levy a fee pursuant to this paragraph on a district
18 member of a groundwater replenishment district that withdraws groundwater
19 in the district for non-irrigation use in the district.

20 5. IN THE PINAL ACTIVE MANAGEMENT AREA, BEGINNING FROM AND AFTER
21 DECEMBER 31, 2019 THROUGH DECEMBER 31, 2026, AN AMOUNT OF NOT MORE THAN
22 \$2.50 PER ACRE-FOOT PER YEAR FOR GROUNDWATER AND IRRIGATION EFFICIENCY
23 PROJECTS.

24 Sec. 5. Section 45-613, Arizona Revised Statutes, is amended to
25 read:

26 45-613. Use of withdrawal fees collected for augmentation and
27 conservation and purchase and retirement of
28 grandfathered rights. Arizona water banking
29 purposes and groundwater and irrigation efficiency
30 projects

31 A. Except as provided in section 45-615, paragraph 2 and sections
32 45-1972 and 48-4504, monies collected in an active management area for
33 purposes of augmentation, conservation assistance and monitoring and
34 assessing water availability under section 45-611, subsection A, paragraph
35 2 and subsection C, paragraph 2 shall be used only to finance the
36 augmentation and conservation assistance programs that are part of the
37 management plan for the active management area and to fund any projects
38 that are authorized by the director for monitoring and assessing water
39 availability within the active management area.

40 B. Monies collected in an active management area for the purpose of
41 purchasing and retiring grandfathered rights under section 45-611,
42 subsection A, paragraph 3 and subsection C, paragraph 4 shall be used only
43 to finance the program for the purchase and retirement of grandfathered
44 rights that is part of the management plan for the active management area.

1 C. Monies collected in an active management area for the purpose of
2 Arizona water banking under section 45-611, subsection C, paragraph 3
3 shall be used only for the benefit of the active management area in which
4 they are collected.

5 D. EXCEPT AS PROVIDED IN SECTION 45-615.01, SUBSECTION G, MONIES
6 COLLECTED IN THE PINAL ACTIVE MANAGEMENT AREA FOR THE PURPOSE OF
7 GROUNDWATER AND IRRIGATION EFFICIENCY PROJECTS UNDER SECTION 45-611,
8 SUBSECTION C, PARAGRAPH 5 SHALL BE USED ONLY TO FINANCE PROJECTS FOR THE
9 CONSTRUCTION AND REHABILITATION OF WELLS AND RELATED INFRASTRUCTURE FOR
10 THE WITHDRAWAL AND EFFICIENT DELIVERY OF GROUNDWATER BY IRRIGATION
11 DISTRICTS IN THE PINAL ACTIVE MANAGEMENT AREA.

12 Sec. 6. Section 45-615, Arizona Revised Statutes, is amended to
13 read:

14 45-615. Deposits; divisions of collections into funds

15 Except as provided in section 45-113, subsection C, the director
16 shall deposit, pursuant to sections 35-146 and 35-147, all monies
17 collected by the department pursuant to section 45-611, subsection A,
18 paragraphs 2 and 3 and subsection C, paragraphs 2, 3 and 4 and any other
19 monies received for that purpose. Based on the statement of the director
20 transmitted pursuant to section 45-614, subsection B, the monies collected
21 shall be allocated as follows:

22 1. Except as provided in paragraph 2 of this section, monies
23 received for the purpose of augmentation of the water supply of the active
24 management area, conservation assistance to water users within the active
25 management area and monitoring and assessing water availability within the
26 active management area shall be kept in an augmentation and conservation
27 assistance fund. Separate accounts for each active management area shall
28 be maintained within the fund. On notice from the director, the state
29 treasurer shall invest and divest monies in the fund as provided by
30 section 35-313, and monies earned from investment shall be credited to the
31 fund.

32 2. If an active management area water district has been established
33 in an active management area, all monies received pursuant to section
34 45-611, subsection A, paragraph 2 for the purpose of augmentation of the
35 water supply of that active management area shall be transmitted to the
36 secretary-treasurer of the district for deposit in the general fund of the
37 district.

38 3. Monies received for the purpose of purchase and retirement of
39 grandfathered rights shall be kept in a purchase and retirement fund.
40 Separate accounts for each active management area shall be maintained
41 within the fund. On notice from the director, the state treasurer shall
42 invest and divest monies in the fund as provided by section 35-313, and
43 monies earned from investment shall be credited to the fund.

1 4. Monies received for the purpose of Arizona water banking shall
2 be deposited, pursuant to sections 35-146 and 35-147, in the Arizona water
3 banking fund.

4 5. MONIES COLLECTED BY THE DIRECTOR PURSUANT TO SECTION 45-611,
5 SUBSECTION C, PARAGRAPH 5 SHALL BE DEPOSITED IN THE TEMPORARY GROUNDWATER
6 AND IRRIGATION EFFICIENCY PROJECTS FUND ESTABLISHED BY SECTION 45-615.01.

7 Sec. 7. Title 45, chapter 2, article 11, Arizona Revised Statutes,
8 is amended by adding section 45-615.01, to read:

9 45-615.01. Temporary groundwater and irrigation efficiency
10 projects fund; purpose; report; definition

11 A. THE TEMPORARY GROUNDWATER AND IRRIGATION EFFICIENCY PROJECTS
12 FUND IS ESTABLISHED FOR THE PURPOSE OF FUNDING PROJECTS FOR THE
13 CONSTRUCTION AND REHABILITATION OF WELLS AND RELATED INFRASTRUCTURE FOR
14 THE WITHDRAWAL AND EFFICIENT DELIVERY OF GROUNDWATER BY QUALIFIED
15 IRRIGATION DISTRICTS IN THE PHOENIX ACTIVE MANAGEMENT AREA, THE PINAL
16 ACTIVE MANAGEMENT AREA AND THE HARQUAHALA IRRIGATION NON-EXPANSION AREA.
17 THE FUND CONSISTS OF LEGISLATIVE APPROPRIATIONS, GROUNDWATER WITHDRAWAL
18 FEES COLLECTED IN THE PINAL ACTIVE MANAGEMENT AREA PURSUANT TO SECTION
19 45-611, SUBSECTION C, PARAGRAPH 5, GRANTS FROM FEDERAL AGENCIES AND MONIES
20 DEPOSITED IN THE FUND BY QUALIFIED IRRIGATION DISTRICTS IN THE PHOENIX
21 ACTIVE MANAGEMENT AREA, THE PINAL ACTIVE MANAGEMENT AREA AND THE
22 HARQUAHALA IRRIGATION NON-EXPANSION AREA. GROUNDWATER WITHDRAWAL FEES
23 DEPOSITED IN THE FUND SHALL BE ACCOUNTED FOR SEPARATELY FROM OTHER MONIES
24 IN THE FUND AND SHALL BE USED ONLY FOR CONSTRUCTING AND REHABILITATING
25 WELLS AND RELATED INFRASTRUCTURE IN THE PINAL ACTIVE MANAGEMENT AREA.
26 MONIES IN THE FUND ARE CONTINUOUSLY APPROPRIATED FOR THE PURPOSES OF THIS
27 SECTION.

28 B. THE DIRECTOR MAY ACCEPT AND DEPOSIT INTO THE FUND MONIES,
29 GRANTS, GIFTS, CONTRIBUTIONS AND DEVISES TO ASSIST IN CARRYING OUT THE
30 PURPOSES OF THIS SECTION.

31 C. THE DIRECTOR SHALL ADMINISTER THE FUND. ON NOTICE FROM THE
32 DIRECTOR, THE STATE TREASURER SHALL INVEST AND DIVEST MONIES IN THE FUND
33 AS PROVIDED BY SECTION 35-313, AND MONIES EARNED FROM INVESTMENT SHALL BE
34 CREDITED TO THE FUND.

35 D. THE DIRECTOR MAY GRANT MONIES FROM THE FUND TO QUALIFIED
36 IRRIGATION DISTRICTS ESTABLISHED PURSUANT TO TITLE 48, CHAPTER 19 IN THE
37 PHOENIX ACTIVE MANAGEMENT AREA, THE PINAL ACTIVE MANAGEMENT AREA AND THE
38 HARQUAHALA IRRIGATION NON-EXPANSION AREA FOR THE PURPOSES DESCRIBED IN
39 SUBSECTION A OF THIS SECTION. IN GRANTING MONIES FROM THE FUND, THE
40 DIRECTOR MAY GIVE PREFERENCE TO WELLS AND RELATED INFRASTRUCTURE THAT
41 WOULD BE USED TO RECOVER STORED WATER. GRANTS MADE TO QUALIFIED
42 IRRIGATION DISTRICTS ARE EXEMPT FROM TITLE 41, CHAPTER 24.

43 E. BEFORE DECEMBER 31 OF EACH YEAR, THE DIRECTOR SHALL SUBMIT TO
44 THE SPEAKER OF THE HOUSE OF REPRESENTATIVES AND THE PRESIDENT OF THE
45 SENATE A WRITTEN REPORT DESCRIBING THE ACTIVITIES OF THE DEPARTMENT FOR

1 THE PRECEDING FISCAL YEAR RELATED TO EXPENDITURES FROM THE FUND. THE
2 REPORT SHALL INCLUDE AN ACCOUNTING FOR EXPENDITURES FROM THE FUND AND HOW
3 THE MONIES WERE USED TO FINANCE PROJECTS FOR THE CONSTRUCTION AND
4 REHABILITATION OF WELLS AND RELATED INFRASTRUCTURE FOR THE WITHDRAWAL AND
5 EFFICIENT DELIVERY OF GROUNDWATER BY QUALIFIED IRRIGATION DISTRICTS IN THE
6 PHOENIX ACTIVE MANAGEMENT AREA, THE PINAL ACTIVE MANAGEMENT AREA AND THE
7 HARQUAHALA IRRIGATION NON-EXPANSION AREA.

8 F. EXCEPT AS PROVIDED IN SUBSECTION G OF THIS SECTION, MONIES IN
9 THE FUND ARE EXEMPT FROM THE PROVISIONS OF SECTIONS 35-190 RELATING TO
10 LAPSING OF APPROPRIATIONS.

11 G. ON JUNE 30, 2027, ANY UNENCUMBERED MONIES IN THE FUND SHALL BE
12 PROPORTIONALLY DISTRIBUTED TO THE FUND'S CONTRIBUTORS BY DECEMBER 31, 2027
13 ACCORDING TO THE TOTAL AMOUNT OF MONIES DEPOSITED IN THE FUND BY EACH
14 CONTRIBUTOR. THE PROPORTION OF THE UNENCUMBERED MONIES ATTRIBUTABLE TO
15 GROUNDWATER WITHDRAWAL FEES LEVIED UNDER SECTION 45-611, SUBSECTION C,
16 PARAGRAPH 5 SHALL BE DEPOSITED IN THE ARIZONA WATER BANKING FUND
17 ESTABLISHED BY SECTION 45-2425 AND SHALL BE USED ONLY IN THE PINAL ACTIVE
18 MANAGEMENT AREA IN THE SAME MANNER AS GROUNDWATER WITHDRAWAL FEES
19 COLLECTED IN THE PINAL ACTIVE MANAGEMENT AREA PURSUANT TO SECTION 45-611,
20 SUBSECTION C, PARAGRAPH 3.

21 H. ALL MONIES DEPOSITED IN THE TEMPORARY GROUNDWATER AND IRRIGATION
22 EFFICIENCY PROJECTS FUND SHALL BE HELD IN TRUST. THE MONIES IN THE FUND
23 MAY BE USED ONLY FOR THE PURPOSES PRESCRIBED IN THIS SECTION AND MAY NOT
24 BE APPROPRIATED OR TRANSFERRED BY THE LEGISLATURE TO FUND THE GENERAL
25 OPERATIONS OF THIS STATE OR TO OTHERWISE MEET THE OBLIGATIONS OF THE STATE
26 GENERAL FUND. THIS SUBSECTION DOES NOT APPLY TO ANY TAXES OR OTHER LEVIES
27 THAT ARE IMPOSED PURSUANT TO TITLE 42 OR 43.

28 I. FOR THE PURPOSES OF THIS SECTION, "QUALIFIED IRRIGATION
29 DISTRICT" MEANS AN IRRIGATION DISTRICT THAT MEETS ALL OF THE FOLLOWING
30 REQUIREMENTS:

31 1. THE IRRIGATION DISTRICT RECEIVED CENTRAL ARIZONA PROJECT WATER
32 IN ANY YEAR AFTER CALENDAR YEAR 2014 OTHER THAN THROUGH A GROUNDWATER
33 SAVINGS FACILITY PERMIT ISSUED UNDER CHAPTER 3.1 OF THIS TITLE.

34 2. THERE ARE AT LEAST NINE THOUSAND ACRES THAT MAY BE LAWFULLY
35 IRRIGATED WITHIN THE BOUNDARIES OF THE IRRIGATION DISTRICT AND THE
36 DISTRICT DID NOT DELIVER SURFACE WATER OTHER THAN CENTRAL ARIZONA PROJECT
37 WATER IN CALENDAR YEAR 2017.

38 3. THE IRRIGATION DISTRICT SUBMITTED AN APPLICATION TO THE
39 DEPARTMENT FOR MONIES FROM THE FUND ESTABLISHED BY THIS SECTION TO
40 CONSTRUCT AN IRRIGATION EFFICIENCY PROJECT IN THE PHOENIX ACTIVE
41 MANAGEMENT AREA, THE PINAL ACTIVE MANAGEMENT AREA OR THE HARQUAHALA
42 IRRIGATION NON-EXPANSION AREA.

43 Sec. 8. Delayed repeal

44 Section 45-615.01, Arizona Revised Statutes, as added by this act,
45 is repealed from and after March 31, 2028.

1 Sec. 9. Section 45-802.01, Arizona Revised Statutes, as amended by
2 Laws 2012, chapter 312, section 2, is amended to read:

3 45-802.01. Definitions

4 Unless the context otherwise requires, the terms defined in section
5 45-402 have the same meanings in this chapter and:

6 1. "Aquifer" means a geologic formation that contains sufficient
7 saturated material to be capable of storing water and transmitting water
8 in usable quantities to a well.

9 2. "Area of impact" means, as projected on the land surface, the
10 area where the stored water has migrated or is located.

11 3. "CERCLA" means the comprehensive environmental response,
12 compensation, and liability act of 1980, as amended (P.L. 96-510; 94 Stat.
13 2767; 42 United States Code sections 9601 through 9657), commonly known as
14 "superfund".

15 4. "Constructed underground storage facility" means a facility that
16 meets the requirements of section 45-811.01 and that is designed and
17 constructed to store water underground pursuant to permits issued under
18 this chapter.

19 5. "District" means a groundwater replenishment district
20 established under title 48, chapter 27.

21 6. "District member" means a member of the groundwater
22 replenishment district as provided by title 48, chapter 27.

23 7. "Electrical district" means a corporate body established
24 pursuant to title 48, chapter 12.

25 8. "EXISTING EFFLUENT MANAGED UNDERGROUND STORAGE FACILITY" MEANS A
26 MANAGED UNDERGROUND STORAGE FACILITY THAT MEETS ONE OF THE FOLLOWING
27 CONDITIONS:

28 (a) THE FACILITY IS OPERATED PURSUANT TO A STORAGE FACILITY PERMIT
29 THAT THE DIRECTOR ISSUED BEFORE JANUARY 1, 2019 AND THAT AUTHORIZES THE
30 STORAGE OF EFFLUENT AT THE FACILITY.

31 (b) THE FACILITY IS OPERATED PURSUANT TO A RENEWED OR MODIFIED
32 STORAGE FACILITY PERMIT THAT THE DIRECTOR ISSUED AFTER JANUARY 1, 2019 IF
33 THE FACILITY QUALIFIED AS AN EXISTING EFFLUENT MANAGED UNDERGROUND STORAGE
34 FACILITY UNDER SUBDIVISION (a), (c) OR (d) OF THIS PARAGRAPH AT ANY TIME
35 BEFORE THE RENEWAL OR MODIFICATION.

36 (c) THE FACILITY IS OPERATED PURSUANT TO A PERMIT THAT THE DIRECTOR
37 ISSUED AFTER JANUARY 1, 2019 AND THAT AUTHORIZES THE STORAGE OF EFFLUENT
38 AT A LOCATION WHERE THE PERMIT HOLDER WAS AUTHORIZED TO STORE EFFLUENT
39 PURSUANT TO A STORAGE FACILITY PERMIT THAT THE DIRECTOR ISSUED BEFORE
40 JANUARY 1, 2019.

41 (d) THE FACILITY IS OPERATED PURSUANT TO A PERMIT THAT THE DIRECTOR
42 ISSUED AFTER JANUARY 1, 2019 AND THAT AUTHORIZES THE STORAGE OF EFFLUENT
43 AT THE FACILITY, AND THE APPLICATION TO OPERATE THE FACILITY WAS ON FILE
44 WITH THE DIRECTOR AS OF JANUARY 1, 2019.

~~8.~~ 9. "Groundwater savings facility" means a facility that meets the requirements of section 45-812.01 in an active management area or an irrigation non-expansion area at which groundwater withdrawals are eliminated or reduced by recipients who use in lieu water on a gallon-for-gallon substitute basis for groundwater that otherwise would have been pumped from within that active management area or irrigation non-expansion area.

~~9.~~ 10. "In lieu water" means water that is delivered by a storer to a groundwater savings facility pursuant to permits issued under this chapter and that is used in an active management area or an irrigation non-expansion area by the recipient on a gallon-for-gallon substitute basis for groundwater that otherwise would have been pumped from within that active management area or irrigation non-expansion area.

~~10.~~ 11. "Long-term storage account" means an account established pursuant to section 45-852.01.

~~11.~~ 12. "Long-term storage credit" means stored water that meets the requirements of section 45-852.01 and that has been credited to a long-term storage account.

~~12.~~ 13. "Managed underground storage facility" means a facility that meets the requirements of section 45-811.01 and that is designed and managed to utilize the natural channel of a stream to store water underground pursuant to permits issued under this chapter through artificial and controlled releases of water other than surface water naturally present in the stream. Surface water flowing in its natural channel is not a managed underground storage facility.

~~13.~~ 14. "Master replenishment account" means an account established pursuant to section 45-858.01 for a groundwater replenishment district.

~~14.~~ 15. "Recipient" means a person who receives in lieu water for use at a groundwater savings facility.

~~15.~~ 16. "Recoverable amount" means the amount of water, as determined by the director, that will reach the aquifer through water storage.

~~16.~~ 17. "Replenishment" means the storage of water or use of long-term storage credits by a groundwater replenishment district to fulfill its duties under title 48, chapter 27, article 3, by a multi-county water conservation district to fulfill its duties under title 48, chapter 22, article 4 or by an active management area water district to fulfill its duties under title 48, chapter 28, article 7.

~~17.~~ 18. "Reserve target" has the same meaning prescribed in section 48-3701.

~~18.~~ 19. "Storage facility" means a groundwater savings facility or an underground storage facility.

1 ~~19.~~ 20. "Stored water" means water that has been stored or saved
2 underground pursuant to a storage permit issued under this chapter.

3 ~~20.~~ 21. "Storer" means the holder of a water storage permit issued
4 pursuant to section 45-831.01 or a person to whom a water storage permit
5 has been conveyed pursuant to section 45-831.01, subsection F.

6 ~~21.~~ 22. "Underground storage facility" means a constructed
7 underground storage facility or a managed underground storage facility.

8 ~~22.~~ 23. "Water that cannot reasonably be used directly" means water
9 that the storer cannot reasonably put to a direct use during the calendar
10 year, including:

11 (a) Except as provided in subdivision (b) or except for an
12 agricultural improvement district as provided in subdivision (d), if the
13 storer is a municipal provider, the amount of central Arizona project
14 water that exceeds the amount of mined groundwater withdrawn during the
15 calendar year by the storer in the active management area in which the
16 storer's service area is located. If the storer withdrew mined
17 groundwater during a calendar year in which the storer stored central
18 Arizona project water underground pursuant to the storage permit, the
19 amount of central Arizona project water stored underground during that
20 year equal to the amount of mined groundwater withdrawn from the active
21 management area in which the storer's service area is located shall not be
22 credited to the storer's long-term storage account but may be considered
23 as being available for recovery by the storer on an annual basis under
24 section 45-851.01. In calculating the amount of mined groundwater
25 withdrawn by the storer from the active management area, the director, at
26 the request of the storer, shall exclude any groundwater withdrawn,
27 treated and delivered for direct use as part of a remedial action
28 undertaken pursuant to CERCLA or title 49, chapter 2, article 5. For the
29 purposes of this subdivision, "mined groundwater" and "municipal provider"
30 have the same meanings prescribed in section 45-561.

31 (b) If the storer is a municipal provider that has been designated
32 as having an assured water supply pursuant to section 45-576, the amount
33 of central Arizona project water that exceeds the amount of deficit
34 groundwater withdrawn during the calendar year by the storer in the active
35 management area in which the storer's service area is located. If the
36 storer withdrew deficit groundwater during a calendar year in which the
37 storer stored central Arizona project water underground pursuant to the
38 storage permit, the amount of the central Arizona project water stored
39 underground during that year equal to the amount of deficit groundwater
40 withdrawn from the active management area in which the storer's service
41 area is located shall not be credited to the storer's long-term storage
42 account but may be considered as being available for recovery by the
43 storer on an annual basis pursuant to section 45-851.01. In calculating
44 the amount of deficit groundwater withdrawn by the storer from the active
45 management area, the director, at the request of the storer, shall exclude

1 any groundwater withdrawn, treated and delivered for direct use as part of
2 a remedial action undertaken pursuant to CERCLA or title 49, chapter 2,
3 article 5. For the purposes of this subdivision, "municipal provider" has
4 the same meaning prescribed in section 45-561 and "deficit groundwater"
5 means that amount of groundwater withdrawn within an active management
6 area for delivery and use within a service area by a municipal provider in
7 excess of the amount of groundwater that may be withdrawn by the municipal
8 provider consistent with the achievement of the active management area's
9 management goals as prescribed by rules adopted by the director pursuant
10 to section 45-576.

11 (c) Except as provided in subdivision (d), if the storer is not a
12 municipal provider, the amount of central Arizona project water stored in
13 an active management area that exceeds the amount of groundwater withdrawn
14 during the calendar year by the storer in that active management area. If
15 the storer withdrew groundwater in an active management area during a
16 calendar year in which the storer stored central Arizona project water
17 underground in that active management area pursuant to the storage permit,
18 the amount of central Arizona project water stored underground during that
19 year equal to the amount of groundwater withdrawn from the active
20 management area shall not be credited to the storer's long-term storage
21 account but may be considered as being available for recovery by the
22 storer on an annual basis under section 45-851.01. For the purposes of
23 this subdivision, "municipal provider" has the same meaning prescribed in
24 section 45-561. In calculating the amount of groundwater withdrawn by the
25 storer from the active management area, the director, at the request of
26 the storer, shall exclude:

27 (i) The amount of groundwater withdrawn, treated and delivered for
28 direct use as part of a remedial action undertaken pursuant to CERCLA or
29 title 49, chapter 2, article 5.

30 (ii) The amount of groundwater withdrawn by the storer during the
31 year for mineral extraction and metallurgical processing and delivered
32 during that year for direct use to an irrigation district that is
33 established pursuant to title 48, chapter 19 and that is located in the
34 same active management area from which the amount of groundwater was
35 withdrawn to the extent that the irrigation district or its customers
36 demonstrate a reduction in the amount of groundwater that they otherwise
37 would have withdrawn during that year within the irrigation district.

38 (iii) The amount of groundwater withdrawn by the storer during the
39 year for mineral extraction or metallurgical processing if the storer was
40 engaged in mineral extraction and metallurgical processing within an
41 initial active management area on or before January 1, 2011.

1 (d) The amount of central Arizona project water stored in an active
2 management area in any year after 1994 by an agricultural improvement
3 district established pursuant to title 48, chapter 17 for use at those
4 portions of electrical generating facilities that are constructed or
5 expanded after June 12, 1980, subject to both of the following:

6 (i) If groundwater was used during a year in an active management
7 area at those portions of the electrical generating facilities that were
8 owned and operated by the agricultural improvement district and that were
9 constructed or expanded after June 12, 1980, the amount of the central
10 Arizona project water stored during that year equal to the amount of the
11 groundwater withdrawn during the year for use at those portions of the
12 facilities that were owned and operated by the agricultural improvement
13 district and that were constructed or expanded after June 12, 1980 shall
14 not be credited to the agricultural improvement district's long-term
15 storage account but may be considered as being available for recovery by
16 the agricultural improvement district on an annual basis under section
17 45-851.01.

18 (ii) Long-term storage credits accrued as a result of the storage
19 of the central Arizona project water may be recovered within the active
20 management area by the agricultural improvement district only for the
21 purpose of providing central Arizona project water to electrical
22 generating facilities that were owned and operated by the agricultural
23 improvement district and only pursuant to any water requirement included
24 in a facility's certificate of environmental compatibility. Subject to
25 section 45-854.01, the long-term storage credits may be assigned by the
26 agricultural improvement district only to the owner of an electrical
27 generating facility for use pursuant to any water requirement included in
28 that facility's certificate of environmental compatibility.

29 (e) Surface water made available by dams constructed or modified
30 after August 13, 1986.

31 ~~(f) Until the year 2025:~~

32 ~~(i)~~ (f) Effluent.

33 ~~(ii)~~ (g) If the storage facility is in an active management area,
34 water from outside the active management area that would not have reached
35 the active management area without the efforts of the storer.

36 ~~(iii)~~ (h) If the storage facility is outside of an active
37 management area, water from outside the groundwater basin in which the
38 storage facility is located that would not have reached the groundwater
39 basin without the efforts of the storer.

40 ~~(g)~~ (i) Water that is delivered through the central Arizona
41 project and that is acquired by the Arizona water banking authority.

42 ~~23.~~ 24. "Water storage" means adding water to an aquifer or saving
43 water in an aquifer pursuant to permits issued under this chapter.

44 ~~24.~~ 25. "Water storage permit" means a permit issued pursuant to
45 section 45-831.01 to store water at a storage facility.

1 Sec. 10. Section 45-802.01, Arizona Revised Statutes, as amended by
2 Laws 2013, chapter 168, section 4, is amended effective from and after
3 December 31, 2024, to read:

4 45-802.01. Definitions

5 Unless the context otherwise requires, the terms defined in section
6 45-402 have the same meanings in this chapter and:

7 1. "Aquifer" means a geologic formation that contains sufficient
8 saturated material to be capable of storing water and transmitting water
9 in usable quantities to a well.

10 2. "Area of impact" means, as projected on the land surface, the
11 area where the stored water has migrated or is located.

12 3. "CERCLA" means the comprehensive environmental response,
13 compensation, and liability act of 1980, as amended (P.L. 96-510; 94 Stat.
14 2767; 42 United States Code sections 9601 through 9657), commonly known as
15 "superfund".

16 4. "Constructed underground storage facility" means a facility that
17 meets the requirements of section 45-811.01 and that is designed and
18 constructed to store water underground pursuant to permits issued under
19 this chapter.

20 5. "District" means a groundwater replenishment district
21 established under title 48, chapter 27.

22 6. "District member" means a member of the groundwater
23 replenishment district as provided by title 48, chapter 27.

24 7. "Electrical district" means a corporate body established
25 pursuant to title 48, chapter 12.

26 8. "EXISTING EFFLUENT MANAGED UNDERGROUND STORAGE FACILITY" MEANS A
27 MANAGED UNDERGROUND STORAGE FACILITY THAT MEETS ONE OF THE FOLLOWING
28 CONDITIONS:

29 (a) THE FACILITY IS OPERATED PURSUANT TO A STORAGE FACILITY PERMIT
30 THAT THE DIRECTOR ISSUED BEFORE JANUARY 1, 2019 AND THAT AUTHORIZES THE
31 STORAGE OF EFFLUENT AT THE FACILITY.

32 (b) THE FACILITY IS OPERATED PURSUANT TO A RENEWED OR MODIFIED
33 STORAGE FACILITY PERMIT THAT THE DIRECTOR ISSUED AFTER JANUARY 1, 2019 IF
34 THE FACILITY QUALIFIED AS AN EXISTING EFFLUENT MANAGED UNDERGROUND STORAGE
35 FACILITY UNDER SUBDIVISION (a), (c) OR (d) OF THIS PARAGRAPH AT ANY TIME
36 BEFORE THE RENEWAL OR MODIFICATION.

37 (c) THE FACILITY IS OPERATED PURSUANT TO A PERMIT THAT THE DIRECTOR
38 ISSUED AFTER JANUARY 1, 2019 AND THAT AUTHORIZES THE STORAGE OF EFFLUENT
39 AT A LOCATION WHERE THE PERMIT HOLDER WAS AUTHORIZED TO STORE EFFLUENT
40 PURSUANT TO A STORAGE FACILITY PERMIT THAT THE DIRECTOR ISSUED BEFORE
41 JANUARY 1, 2019.

42 (d) THE FACILITY IS OPERATED PURSUANT TO A PERMIT THAT THE DIRECTOR
43 ISSUED AFTER JANUARY 1, 2019 AND THAT AUTHORIZES THE STORAGE OF EFFLUENT
44 AT THE FACILITY, AND THE APPLICATION TO OPERATE THE FACILITY WAS ON FILE
45 WITH THE DIRECTOR AS OF JANUARY 1, 2019.

~~8.~~ 9. "Groundwater savings facility" means a facility that meets the requirements of section 45-812.01 in an active management area or an irrigation non-expansion area at which groundwater withdrawals are eliminated or reduced by recipients who use in lieu water on a gallon-for-gallon substitute basis for groundwater that otherwise would have been pumped from within that active management area or irrigation non-expansion area.

~~9.~~ 10. "In lieu water" means water that is delivered by a storer to a groundwater savings facility pursuant to permits issued under this chapter and that is used in an active management area or an irrigation non-expansion area by the recipient on a gallon-for-gallon substitute basis for groundwater that otherwise would have been pumped from within that active management area or irrigation non-expansion area.

~~10.~~ 11. "Long-term storage account" means an account established pursuant to section 45-852.01.

~~11.~~ 12. "Long-term storage credit" means stored water that meets the requirements of section 45-852.01 and that has been credited to a long-term storage account.

~~12.~~ 13. "Managed underground storage facility" means a facility that meets the requirements of section 45-811.01 and that is designed and managed to utilize the natural channel of a stream to store water underground pursuant to permits issued under this chapter through artificial and controlled releases of water other than surface water naturally present in the stream. Surface water flowing in its natural channel is not a managed underground storage facility.

~~13.~~ 14. "Master replenishment account" means an account established pursuant to section 45-858.01 for a groundwater replenishment district.

~~14.~~ 15. "Recipient" means a person who receives in lieu water for use at a groundwater savings facility.

~~15.~~ 16. "Recoverable amount" means the amount of water, as determined by the director, that will reach the aquifer through water storage.

~~16.~~ 17. "Replenishment" means the storage of water or use of long-term storage credits by a groundwater replenishment district to fulfill its duties under title 48, chapter 27, article 3, by a multi-county water conservation district to fulfill its duties under title 48, chapter 22, article 4 or by an active management area water district to fulfill its duties under title 48, chapter 28, article 7.

~~17.~~ 18. "Reserve target" has the same meaning prescribed in section 48-3701.

~~18.~~ 19. "Storage facility" means a groundwater savings facility or an underground storage facility.

~~19.~~ 20. "Stored water" means water that has been stored or saved underground pursuant to a storage permit issued under this chapter.

1 ~~20.~~ 21. "Storer" means the holder of a water storage permit issued
2 pursuant to section 45-831.01 or a person to whom a water storage permit
3 has been conveyed pursuant to section 45-831.01, subsection F.

4 ~~21.~~ 22. "Underground storage facility" means a constructed
5 underground storage facility or a managed underground storage facility.

6 ~~22.~~ 23. "Water that cannot reasonably be used directly" means water
7 that the storer cannot reasonably put to a direct use during the calendar
8 year, including:

9 (a) Except as provided in subdivision (b) or except for an
10 agricultural improvement district as provided in subdivision (d), if the
11 storer is a municipal provider, the amount of central Arizona project
12 water that exceeds the amount of mined groundwater withdrawn during the
13 calendar year by the storer in the active management area in which the
14 storer's service area is located. If the storer withdrew mined
15 groundwater during a calendar year in which the storer stored central
16 Arizona project water underground pursuant to the storage permit, the
17 amount of central Arizona project water stored underground during that
18 year equal to the amount of mined groundwater withdrawn from the active
19 management area in which the storer's service area is located shall not be
20 credited to the storer's long-term storage account but may be considered
21 as being available for recovery by the storer on an annual basis under
22 section 45-851.01. In calculating the amount of mined groundwater
23 withdrawn by the storer from the active management area, the director, at
24 the request of the storer, shall exclude any groundwater withdrawn,
25 treated and delivered for direct use as part of a remedial action
26 undertaken pursuant to CERCLA or title 49, chapter 2, article 5. For the
27 purposes of this subdivision, "mined groundwater" and "municipal provider"
28 have the same meanings prescribed in section 45-561.

29 (b) If the storer is a municipal provider that has been designated
30 as having an assured water supply pursuant to section 45-576, the amount
31 of central Arizona project water that exceeds the amount of deficit
32 groundwater withdrawn during the calendar year by the storer in the active
33 management area in which the storer's service area is located. If the
34 storer withdrew deficit groundwater during a calendar year in which the
35 storer stored central Arizona project water underground pursuant to the
36 storage permit, the amount of the central Arizona project water stored
37 underground during that year equal to the amount of deficit groundwater
38 withdrawn from the active management area in which the storer's service
39 area is located shall not be credited to the storer's long-term storage
40 account but may be considered as being available for recovery by the
41 storer on an annual basis pursuant to section 45-851.01. In calculating
42 the amount of deficit groundwater withdrawn by the storer from the active
43 management area, the director, at the request of the storer, shall exclude
44 any groundwater withdrawn, treated and delivered for direct use as part of
45 a remedial action undertaken pursuant to CERCLA or title 49, chapter 2,

1 article 5. For the purposes of this subdivision, "municipal provider" has
2 the same meaning prescribed in section 45-561 and "deficit groundwater"
3 means that amount of groundwater withdrawn within an active management
4 area for delivery and use within a service area by a municipal provider in
5 excess of the amount of groundwater that may be withdrawn by the municipal
6 provider consistent with the achievement of the active management area's
7 management goals as prescribed by rules adopted by the director pursuant
8 to section 45-576.

9 (c) Except as provided in subdivision (d), if the storer is not a
10 municipal provider, the amount of central Arizona project water stored in
11 an active management area that exceeds the amount of groundwater withdrawn
12 during the calendar year by the storer in that active management area. If
13 the storer withdrew groundwater in an active management area during a
14 calendar year in which the storer stored central Arizona project water
15 underground in that active management area pursuant to the storage permit,
16 the amount of central Arizona project water stored underground during that
17 year equal to the amount of groundwater withdrawn from the active
18 management area shall not be credited to the storer's long-term storage
19 account but may be considered as being available for recovery by the
20 storer on an annual basis under section 45-851.01. For the purposes of
21 this subdivision, "municipal provider" has the same meaning prescribed in
22 section 45-561. In calculating the amount of groundwater withdrawn by the
23 storer from the active management area, the director, at the request of
24 the storer, shall exclude:

25 (i) The amount of any groundwater withdrawn, treated and delivered
26 for direct use as part of a remedial action undertaken pursuant to CERCLA
27 or title 49, chapter 2, article 5.

28 (ii) The amount of groundwater withdrawn by the storer during the
29 year for mineral extraction or metallurgical processing if the storer was
30 engaged in mineral extraction and metallurgical processing within an
31 initial active management area on or before January 1, 2011.

32 (d) The amount of central Arizona project water stored in an active
33 management area in any year after 1994 by an agricultural improvement
34 district established pursuant to title 48, chapter 17 for use at those
35 portions of electrical generating facilities that are constructed or
36 expanded after June 12, 1980, subject to both of the following:

37 (i) If groundwater was used during a year in an active management
38 area at those portions of the electrical generating facilities that were
39 owned and operated by the agricultural improvement district and that were
40 constructed or expanded after June 12, 1980, the amount of the central
41 Arizona project water stored during that year equal to the amount of the
42 groundwater withdrawn during the year for use at those portions of the
43 facilities that were owned and operated by the agricultural improvement
44 district and that were constructed or expanded after June 12, 1980 shall
45 not be credited to the agricultural improvement district's long-term

1 storage account but may be considered as being available for recovery by
2 the agricultural improvement district on an annual basis under section
3 45-851.01.

4 (ii) Long-term storage credits accrued as a result of the storage
5 of the central Arizona project water may be recovered within the active
6 management area by the agricultural improvement district only for the
7 purpose of providing central Arizona project water to electrical
8 generating facilities that were owned and operated by the agricultural
9 improvement district and only pursuant to any water requirement included
10 in a facility's certificate of environmental compatibility. Subject to
11 section 45-854.01, the long-term storage credits may be assigned by the
12 agricultural improvement district only to the owner of an electrical
13 generating facility for use pursuant to any water requirement included in
14 that facility's certificate of environmental compatibility.

15 (e) Surface water made available by dams constructed or modified
16 after August 13, 1986.

17 ~~(f) Until the year 2025.~~

18 ~~(i)~~ (f) Effluent.

19 ~~(iii)~~ (g) If the storage facility is in an active management area,
20 water from outside the active management area that would not have reached
21 the active management area without the efforts of the storer.

22 ~~(iii)~~ (h) If the storage facility is outside of an active
23 management area, water from outside the groundwater basin in which the
24 storage facility is located that would not have reached the groundwater
25 basin without the efforts of the storer.

26 ~~(g)~~ (i) Water that is delivered through the central Arizona
27 project and that is acquired by the Arizona water banking authority.

28 ~~23.~~ 24. "Water storage" means adding water to an aquifer or saving
29 water in an aquifer pursuant to permits issued under this chapter.

30 ~~24.~~ 25. "Water storage permit" means a permit issued pursuant to
31 section 45-831.01 to store water at a storage facility.

32 Sec. 11. Section 45-851.01, Arizona Revised Statutes, is amended to
33 read:

34 45-851.01. Recovery of stored water on an annual basis

35 A. Except as provided in subsections B, ~~and~~ E AND F of this
36 section, a storer may recover the recoverable amount of water stored after
37 January 1 of a calendar year on or before December 31 of the same calendar
38 year.

39 B. If water is stored pursuant to a water storage permit and its
40 use is based on a decreed or appropriative water right, the approximate
41 recoverable amount of water stored in a month shall be recovered on or
42 before the last day of the following month or within the same calendar
43 year, whichever is earlier, unless the water is credited to a long-term
44 storage account as prescribed by section 45-852.01.

1 C. Water stored after January 1 of a calendar year and not
2 recovered on or before December 31 of the same calendar year may be
3 credited to the storer's long-term storage account to the extent that the
4 stored water is eligible for long-term storage credits as prescribed by
5 section 45-852.01.

6 D. Water that is stored after January 1 of a calendar year, that is
7 not recovered on or before December 31 of the same calendar year and that
8 is not eligible to be credited to the storer's long-term storage account
9 may not be recovered at any other time.

10 E. If the water stored was effluent stored at a managed underground
11 storage facility that has not been designated as a facility that could add
12 value to a national park, national monument or state park AND SUBSECTION F
13 OF THIS SECTION DOES NOT APPLY, the storer may recover during a year only
14 fifty ~~per cent~~ PERCENT of the recoverable amount of water stored between
15 January 1 and December 31 of that year. If the storer recovers during the
16 year less than fifty ~~per cent~~ PERCENT of the recoverable amount of the
17 water stored during that year, the difference between fifty ~~per cent~~
18 PERCENT of the recoverable amount and the amount of stored water recovered
19 during the year may be credited to the storer's long-term storage account
20 to the extent that the stored water is eligible for long-term storage
21 credits as prescribed by section 45-852.01.

22 F. IF THE WATER STORED WAS EFFLUENT STORED AT A MANAGED UNDERGROUND
23 STORAGE FACILITY THAT QUALIFIES AS AN EXISTING EFFLUENT MANAGED
24 UNDERGROUND STORAGE FACILITY AND THAT HAS NOT BEEN DESIGNATED AS A
25 FACILITY THAT COULD ADD VALUE TO A NATIONAL PARK, NATIONAL MONUMENT OR
26 STATE PARK, THE STORER MAY RECOVER DURING A YEAR ONLY NINETY-FIVE PERCENT
27 OF THE RECOVERABLE AMOUNT OF THE WATER STORED BETWEEN JANUARY 1 AND
28 DECEMBER 31 OF THAT YEAR. IF THE STORER RECOVERS DURING THE YEAR LESS
29 THAN NINETY-FIVE PERCENT OF THE RECOVERABLE AMOUNT OF THE WATER STORED
30 DURING THAT YEAR, THE DIFFERENCE BETWEEN NINETY-FIVE PERCENT OF THE
31 RECOVERABLE AMOUNT AND THE AMOUNT OF STORED WATER RECOVERED DURING THE
32 YEAR MAY BE CREDITED TO THE STORER'S LONG-TERM STORAGE ACCOUNT TO THE
33 EXTENT THAT THE STORED WATER IS ELIGIBLE FOR LONG-TERM STORAGE CREDITS AS
34 PRESCRIBED BY SECTION 45-852.01.

35 Sec. 12. Section 45-852.01, Arizona Revised Statutes, is amended to
36 read:

37 45-852.01. Long-term storage accounts

38 A. The director shall establish one long-term storage account for
39 each person holding long-term storage credits. The director shall
40 establish subaccounts within the long-term storage account according to
41 each active management area, irrigation non-expansion area, groundwater
42 basin or groundwater subbasin in which the person's stored water is
43 located. The long-term storage account shall be further subdivided by
44 type of water, if the person holds long-term storage credits for more than
45 one type of water.

1 B. Water stored pursuant to a water storage permit at a storage
2 facility may be credited to a long-term storage account if the director
3 determines that all of the following apply:

4 1. EITHER:

5 (a) The water that was stored was water that cannot reasonably be
6 used directly.

7 (b) THE WATER WAS STORED IN A GROUNDWATER SAVINGS FACILITY LOCATED
8 IN AN ACTIVE MANAGEMENT AREA THAT DOES NOT HAVE A MANAGEMENT GOAL OF
9 ACHIEVING OR MAINTAINING A SAFE YIELD CONDITION, THE WATER WAS STORED
10 BETWEEN JANUARY 1, 2020 AND DECEMBER 31, 2026 AND THE DIRECTOR DETERMINES
11 THAT THE STORAGE ASSISTS IN IMPLEMENTING WITHIN THIS STATE A DROUGHT
12 CONTINGENCY PLAN FOR THE LOWER BASIN OF THE COLORADO RIVER. THE TOTAL
13 MAXIMUM AMOUNT THAT MAY QUALIFY UNDER THIS SUBDIVISION IS FIFTEEN THOUSAND
14 ACRE-FEET PER YEAR.

15 2. If the stored water was stored at a storage facility within an
16 active management area, either:

17 (a) The water would not have been naturally recharged within the
18 active management area.

19 (b) If the water was stored at a managed underground storage
20 facility that has been designated as a facility that could add value to a
21 national park, national monument or state park and the water stored is
22 effluent, the water stored is water that could have been used or disposed
23 of by the storer by means other than discharging the effluent into the
24 stream.

25 3. The stored water was not recovered on an annual basis pursuant
26 to section 45-851.01.

27 C. The director shall credit ninety-five ~~per cent~~ PERCENT of the
28 recoverable amount of stored water that meets the requirements of
29 subsection B of this section to the storer's long-term storage account,
30 except that:

31 1. If the water was stored at a managed underground storage
32 facility that DOES NOT QUALIFY AS AN EXISTING EFFLUENT MANAGED UNDERGROUND
33 STORAGE FACILITY AND THAT had not been designated at the time of storage
34 as a facility that could add value to a national park, national monument
35 or state park and the water stored is effluent, the director shall credit
36 to the storer's long-term storage account fifty ~~per cent~~ PERCENT of the
37 recoverable amount of water that meets the requirements of subsection B of
38 this section. For storage of effluent in a managed underground storage
39 facility that is located in a recreational corridor channelization
40 district established pursuant to title 48, chapter 35, the director may
41 increase the storage credits earned from fifty ~~per cent~~ PERCENT to
42 ninety-five ~~per cent~~ PERCENT if both of the following apply:

43 (a) The effluent was not discharged into the stream where the
44 facility is located before the permit application for that facility was
45 filed.

1 (b) The director determines that the storage of effluent in the
2 facility will provide a greater benefit to aquifer conditions in the
3 active management area or, if outside an active management area, to the
4 groundwater basin than would accrue to the active management area or
5 groundwater basin if the effluent is used or disposed of in another
6 manner.

7 2. If the water was stored at a groundwater savings facility and
8 the storer has not met the burden of proving that one hundred ~~per cent~~
9 PERCENT of the in lieu water was used on a gallon-for-gallon substitute
10 basis for groundwater, the director shall credit to the storer's long-term
11 storage account only the percentage of the in lieu water that meets the
12 requirements of subsection B of this section and that was proven to the
13 director's satisfaction as being used on a gallon-for-gallon substitute
14 basis for groundwater.

15 3. The director shall credit to the storer's long-term storage
16 account ninety ~~per cent~~ PERCENT of the recoverable amount of the water
17 that meets the requirements of subsection B of this section if all of the
18 following apply:

19 (a) The stored water was central Arizona project water that
20 qualifies as water that cannot reasonably be used directly due solely to
21 the exclusion of groundwater withdrawn by the storer for mineral
22 extraction or metallurgical processing under section 45-802.01, paragraph
23 ~~22~~ 23, subdivision (c).

24 (b) The storer was engaged in mineral extraction and metallurgical
25 processing within an initial active management area on or before January
26 1, 2011.

27 (c) All exterior boundaries of the storage facility that is used to
28 store the stored water are more than twenty miles from a well owned by the
29 storer on January 1, 2012 and that well is not an exempt well and any one
30 or more of the following apply:

31 (i) The well is an existing well as defined in section 45-591,
32 paragraph 1.

33 (ii) The department has issued a permit for the well under section
34 45-599, subsection C.

35 (iii) The well was drilled pursuant to a mineral extraction and
36 metallurgical processing permit issued by the department under section
37 45-514.

38 4. Except as otherwise provided in ~~paragraphs 1, PARAGRAPH 2 and 3~~
39 of this subsection, the director shall credit to the storer's long-term
40 storage account or conservation district account one hundred ~~per cent~~
41 PERCENT of the recoverable amount of water that meets the requirements of
42 subsection B of this section if any of the following applies:

43 (a) The water stored was effluent THAT WAS STORED AT A CONSTRUCTED
44 UNDERGROUND STORAGE FACILITY, A GROUNDWATER SAVINGS FACILITY OR A MANAGED
45 UNDERGROUND STORAGE FACILITY THAT WAS DESIGNATED AT THE TIME OF STORAGE AS

1 A FACILITY THAT COULD ADD VALUE TO A NATIONAL PARK, NATIONAL MONUMENT OR
2 STATE PARK.

3 (b) The water was stored in an active management area and the
4 stored water is water from outside the active management area that would
5 not have reached the active management area without the efforts of the
6 holder of the long-term storage credits.

7 (c) The water was stored outside an active management area and the
8 stored water is water from outside the groundwater basin in which the
9 water was stored that would not have reached the groundwater basin without
10 the efforts of the holder of the long-term storage credits.

11 (d) The water was stored for purposes of establishing and
12 maintaining a replenishment reserve pursuant to section 48-3772,
13 subsection E.

14 (e) The water was stored for replenishment purposes pursuant to
15 section 48-3771 and credited directly to a conservation district account
16 pursuant to section 45-859.01, subsection E.

17 D. The director shall credit a person's long-term storage account
18 by the amount of long-term storage credits assigned to that person by
19 another holder of long-term storage credits pursuant to section 45-854.01.

20 E. The director shall debit the appropriate subaccount of a
21 person's long-term storage account:

22 1. One hundred ~~per cent~~ PERCENT of the amount of stored water that
23 the holder of the long-term storage credits has recovered during the
24 calendar year pursuant to the permit.

25 2. The amount of long-term storage credits that the person has
26 assigned to another person or transferred to a master replenishment
27 account, conservation district account or water district account.

28 3. If the water was stored in an active management area, the amount
29 of water during the calendar year that migrates to a location outside the
30 active management area or to a location within the active management area
31 where it cannot be beneficially used within a reasonable period of time by
32 persons other than the storer with rights to withdraw and use groundwater.

33 4. If the water was stored outside of an active management area,
34 the amount of water during the calendar year that migrates to a location
35 outside the groundwater basin in which the storage facility is located or
36 to a location in the groundwater basin where it cannot be beneficially
37 used within a reasonable period of time by persons other than the storer
38 with rights to withdraw and use groundwater.

39 5. The amount of long-term storage credits that the storer,
40 pursuant to section 45-853.01, subsection B, has applied to offset
41 groundwater withdrawn or used in excess of the storer's per capita
42 municipal conservation requirements under the second management plan.

43 6. The amount of long-term storage credits that are held by the
44 Arizona water banking authority and that the authority has chosen to
45 extinguish.

1 F. To the extent the total amount of water withdrawn by a person
2 from wells designated as recovery wells pursuant to section 45-834.01
3 during a calendar year exceeds the amount of stored water recovered by the
4 person on an annual basis pursuant to section 45-851.01 and the amount of
5 long-term storage credits recovered by the person, the excess amount of
6 water recovered shall be considered groundwater withdrawn pursuant to
7 chapter 2 of this title.

8 Sec. 13. Section 45-853.01, Arizona Revised Statutes, is amended to
9 read:

10 45-853.01. Restricted uses of long-term storage credits

11 A. If the director has included an amount of long-term storage
12 credits under section 45-855.01:

13 1. In determining whether to issue a certificate of assured water
14 supply to the holder of the long-term storage credits, that amount of
15 long-term storage credits shall be recovered only for a use that, as
16 determined by the director, supplies water to the subdivision to which the
17 certificate of assured water supply applies.

18 2. In designating or redesignating a city, town or private water
19 company as having an assured water supply, that amount of long-term
20 storage credits shall be recovered only for a use that, as determined by
21 the director, supplies water to that city, town or private water company.

22 3. In determining whether to issue a report of adequate water
23 supply for a subdivision to the holder of long-term storage credits, that
24 amount of long-term storage credits shall be recovered only for a use
25 that, as determined by the director, supplies water to the subdivision to
26 which the report of adequate water supply applies.

27 4. In designating a city, town or private water company as having
28 an adequate water supply, that amount of long-term storage credits shall
29 be recovered only for a use that, as determined by the director, supplies
30 water to that city, town or private water company.

31 B. The storer of long-term storage credits may apply those
32 long-term storage credits to offset any amount of groundwater that the
33 storer withdraws or uses before 2000 in excess of the storer's per capita
34 municipal conservation requirement in violation of the second management
35 plan if the storer proves to the satisfaction of the director that the
36 following conditions are met:

37 1. The storer stored the water at a storage facility that is
38 located in the same active management area as the storer's service area.

39 2. The long-term storage credits used to offset the storer's per
40 capita municipal conservation requirements violation were earned before
41 2000.

42 3. The water stored was effluent or central Arizona project water.

43 C. Long-term storage credits may not be used to demonstrate an
44 assured water supply or an adequate water supply if the long-term storage
45 credits were accrued by storing effluent at a managed underground storage

1 facility that has not been designated as a facility that could add value
2 to a national park, national monument or state park AND ANY OF THE
3 FOLLOWING APPLIES:

4 1. THE MANAGED UNDERGROUND STORAGE FACILITY DOES NOT QUALIFY AS AN
5 EXISTING EFFLUENT MANAGED UNDERGROUND STORAGE FACILITY.

6 2. THE MANAGED UNDERGROUND STORAGE FACILITY QUALIFIES AS AN
7 EXISTING EFFLUENT MANAGED UNDERGROUND STORAGE FACILITY AND THE LONG-TERM
8 STORAGE CREDITS WERE ACCRUED BEFORE THE EFFECTIVE DATE OF THIS AMENDMENT
9 TO THIS SECTION.

10 Sec. 14. Section 45-2425, Arizona Revised Statutes, is amended to
11 read:

12 45-2425. Arizona water banking fund

13 A. The Arizona water banking fund is established and shall include
14 subaccounts based on funding sources. The authority shall administer the
15 banking fund in accordance with this chapter.

16 B. The banking fund consists of all of the following:

17 1. Monies appropriated from the state general fund by the
18 legislature for water banking purposes other than replenishment under
19 chapter 15, article 3 of this title.

20 2. Monies appropriated from the state general fund by the
21 legislature for replenishment under chapter 15, article 3 of this title.

22 3. Reimbursement for the distribution of long-term storage credits,
23 collected by the authority in accordance with section 45-2457, subsection
24 B, paragraph 2.

25 4. Monies paid to the authority by the recipients of in lieu water
26 at a groundwater savings facility, in accordance with section 45-2455,
27 subsection C.

28 5. Monies collected in accordance with section 45-611, subsection
29 C, paragraph 3.

30 6. Monies deposited in the banking fund in accordance with section
31 48-3715.03, subsection B.

32 7. Monies paid to the authority by agencies that have entered into
33 interstate water banking agreements with the authority in accordance with
34 section 45-2471. All monies received through an interstate water banking
35 agreement with the state of Nevada that are not used to purchase or store
36 water or otherwise fulfill contractual obligations with the state of
37 Nevada are subject to legislative appropriation.

38 8. Monies paid to the authority by persons and Indian communities
39 in this state that have entered into water banking services agreements
40 with the authority in accordance with section 45-2458.

41 9. MONIES DEPOSITED IN THE FUND IN ACCORDANCE WITH SECTION
42 45-615.01, SUBSECTION G.

43 C. In addition to the monies prescribed in this section, the
44 authority may accept any gifts, grants or donations and deposit those
45 monies in the banking fund.

1 D. Monies in the banking fund are exempt from the provisions of
2 section 35-190 relating to lapsing of appropriations. On notice from the
3 authority, the state treasurer shall invest and divest monies in the fund
4 as provided by section 35-313, and monies earned from investment shall be
5 credited to the banking fund. The authority may invest the monies paid to
6 the authority in accordance with section 45-2471 with the state treasurer
7 pursuant to section 35-326.

8 E. The authority may use the banking fund to pay all reasonable
9 expenses incurred in carrying out its duties and responsibilities in
10 accordance with this chapter.

11 F. The authority shall establish a reserve subaccount in the fund
12 for the deposit of monies to be used for the purposes of article 5 of this
13 chapter.

14 Sec. 15. Title 45, chapter 14, article 3, Arizona Revised Statutes,
15 is amended by adding section 45-2457.01, to read:

16 45-2457.01. Exchange of long-term storage credits:
17 limitations; fees

18 A. ON OR BEFORE DECEMBER 31, 2019, THE AUTHORITY MAY ENTER INTO
19 AGREEMENTS TO EXCHANGE LONG-TERM STORAGE CREDITS ACCRUED OR PURCHASED IN
20 ONE ACTIVE MANAGEMENT AREA WITH MONIES COLLECTED PURSUANT TO SECTION
21 45-611, SUBSECTION C, PARAGRAPH 3 FOR LONG-TERM STORAGE CREDITS HELD BY
22 OTHER PERSONS IN ANOTHER ACTIVE MANAGEMENT AREA, ON REQUEST OF THE
23 DIRECTOR, IF THE DIRECTOR DETERMINES BOTH OF THE FOLLOWING:

24 1. THE EXCHANGE IS BENEFICIAL TO WATER MANAGEMENT IN THIS STATE.

25 2. THE EXCHANGE WILL NOT SUBSTANTIALLY IMPAIR THE AUTHORITY'S
26 ABILITY TO MEET ITS FIRING OBLIGATION UNDER SECTION 45-2491.

27 B. THE TERM OF ANY AGREEMENT ENTERED INTO PURSUANT TO SUBSECTION A
28 OF THIS SECTION SHALL NOT EXTEND BEYOND DECEMBER 31, 2026.

29 C. NOTWITHSTANDING SECTION 45-2457, SUBSECTION B, PARAGRAPH 6, THE
30 AUTHORITY MAY DISTRIBUTE OR EXTINGUISH LONG-TERM STORAGE CREDITS OBTAINED
31 BY EXCHANGE PURSUANT TO SUBSECTION A OF THIS SECTION FOR ANY PURPOSE
32 OTHERWISE AUTHORIZED UNDER SECTION 45-2457, SUBSECTION B, PARAGRAPH 6 FOR
33 THE BENEFIT OF ANY ACTIVE MANAGEMENT AREA.

34 D. AN EXCHANGE OF LONG-TERM STORAGE CREDITS PURSUANT TO SUBSECTION
35 A OF THIS SECTION IS EXEMPT FROM ANY FEE ESTABLISHED BY THE DEPARTMENT OF
36 WATER RESOURCES FOR AN ASSIGNMENT OF LONG-TERM STORAGE CREDITS PURSUANT TO
37 SECTION 45-854.01.

38 Sec. 16. Laws 2017, chapter 305, section 132 is amended to read:

39 Sec. 132. Department of water resources; appropriations;
40 contributions to Lake Mead conservation efforts;
41 temporary groundwater and irrigation efficiency
42 projects fund; conservation and augmentation
43 fund; exemption

44 A. The sum of \$2,000,000 is appropriated from the state general
45 fund in ~~each of fiscal years YEAR 2017-2018, 2018-2019 and 2019-2020 to~~

1 the department of water resources to use for this state's financial
2 contributions to efforts by Arizona's Colorado River water users to
3 conserve water in Lake Mead to reduce the likelihood of lake elevations
4 dropping to levels that could result in reductions to Arizona's Colorado
5 River allocation.

6 B. THE SUM OF \$2,000,000 IS APPROPRIATED FROM THE STATE GENERAL
7 FUND IN FISCAL YEAR 2018-2019 TO THE TEMPORARY GROUNDWATER AND IRRIGATION
8 EFFICIENCY PROJECTS FUND ESTABLISHED BY SECTION 45-615.01, ARIZONA REVISED
9 STATUTES, AS ADDED BY THIS ACT.

10 C. THE SUM OF \$2,000,000 IS APPROPRIATED FROM THE STATE GENERAL
11 FUND IN FISCAL YEAR 2019-2020 TO THE AUGMENTATION AND CONSERVATION
12 ASSISTANCE FUND IN THE DEPARTMENT OF WATER RESOURCES FOR THE PURPOSE OF
13 PROVIDING ADDITIONAL MONIES FOR CONSERVATION GRANTS FOR CONSERVATION OF
14 GROUNDWATER IN THE ACTIVE MANAGEMENT AREAS AS PRESCRIBED IN SECTION
15 45-617, ARIZONA REVISED STATUTES.

16 ~~B.~~ D. The appropriations made in ~~subsection A~~ of this section are
17 exempt from the provisions of section 35-190, Arizona Revised Statutes,
18 relating to lapsing of appropriations.

19 Sec. 17. Director of water resources; lower basin drought
20 contingency plan implementation; notice; report

21 The director of water resources shall:

22 1. Promptly provide notice to the committees with jurisdiction over
23 water issues in the house of representatives and the senate regarding any
24 meeting of a public body to consider or take action on an agreement
25 intended to implement the lower basin drought contingency plan.

26 2. Present information to the committees with jurisdiction over
27 water issues in the house of representatives and the senate regarding the
28 status of any agreement intended to implement the lower basin drought
29 contingency plan before the director executes any such agreement.

30 3. Report to the president of the senate, the speaker of the house
31 of representatives, the governor and the committees with jurisdiction over
32 water issues in the house of representatives and the senate on the status
33 of any agreement necessary to the intrastate drought contingency
34 implementation plan thirty, sixty and ninety days after enactment of the
35 joint resolution regarding the Colorado River drought contingency
36 implementation plan.

37 Sec. 18. Legislative intent; possible Colorado River
38 shortage; temporary groundwater and irrigation
39 efficiency fund; projects

40 A. The legislature finds that the people of Arizona are dependent
41 on Colorado River water to meet a significant portion of their water
42 needs. In times of shortages in this state's annual Colorado River
43 entitlement, deliveries through the central Arizona project are the first
44 to be reduced. In particular, irrigation districts in central Arizona
45 have relied on central Arizona project deliveries of Colorado River water

1 to replace the withdrawal of groundwater for agricultural purposes. As the
2 junior priority users within the central Arizona project system,
3 deliveries for agricultural use are reduced first.

4 B. It is anticipated that the prolonged drought in the Colorado
5 River basin will require the Secretary of the Interior to declare a
6 shortage as soon as 2020. The legislature finds that reductions in
7 deliveries of central Arizona project water to irrigated agriculture in
8 central Arizona would cause substantial injury to the local economy and
9 seriously harm the general economy and welfare of this state and its
10 citizens.

11 C. It is therefore declared to be the public policy of this state
12 that in the interest of protecting and stabilizing the general economy and
13 welfare of this state and its citizens it is necessary to establish the
14 temporary groundwater and irrigation efficiency projects fund to be
15 partially funded by a state general fund appropriation and a temporary
16 groundwater withdrawal fee to be collected in the Pinal active management
17 area in place of a groundwater withdrawal fee authorized to be collected
18 in the active management area for Arizona water banking purposes.
19 Contributions to the fund will also be made by the irrigation districts
20 established pursuant to title 48, chapter 19, Arizona Revised Statutes,
21 within the Phoenix active management area, the Pinal active management
22 area and the Harquahala irrigation non-expansion area. Monies in the fund
23 are to be used to fund projects to construct and rehabilitate groundwater
24 wells and related infrastructure for the withdrawal and efficient delivery
25 of groundwater by qualified irrigation districts established pursuant to
26 title 48, chapter 19, Arizona Revised Statutes, in the Phoenix active
27 management area, the Pinal active management area and the Harquahala
28 irrigation non-expansion area. The legislature intends that these
29 construction and rehabilitation projects be completed by the end of 2022,
30 recognizing that completion by that date depends on action on applications
31 for monies and the timely receipt of grants from federal agencies, in
32 addition to the other monies in the fund. Because the timing for the
33 issuance of grants from federal agencies is uncertain, the legislature may
34 consider other appropriations to be made available to the irrigation
35 districts for these construction and rehabilitation projects after
36 reasonable attempts are made to secure the funding and that federal monies
37 were not provided timely to carry out the purposes of the fund. On
38 completion of these construction and rehabilitation projects, the fund
39 will terminate. The legislature does not intend to grant authorities or
40 imply authority to perform any tasks or accept any responsibilities not
41 expressly set forth in this legislation.

42 Sec. 19. Legislative intent; lower Colorado River drought
43 contingency plan

44 A. The drought contingency plan is a compromise between various
45 states and Arizona stakeholders, is intended to help address shortages in

1 the Colorado River system and is the product of months of stakeholder
2 meetings with input from a wide array of persons in this state.

3 B. The drought contingency plan is one of the most significant
4 pieces of water legislation enacted in this state since the 1980
5 groundwater management act. It is the first step, not the last step, in a
6 renewed effort to create long-term solutions that protect Arizona's water
7 future.

8 C. The health of the Colorado River is essential to the long-term
9 economic welfare of the people of Arizona, and this state must continue to
10 develop sustainable long-term plans that protect our water supply and
11 encourage a culture of conservation.

12 Sec. 20. Appropriation; temporary groundwater and irrigation
13 efficiency projects fund; exemption

14 A. The sum of \$7,000,000 is appropriated from the state general
15 fund in fiscal year 2018-2019 to the temporary groundwater and irrigation
16 efficiency projects fund established by section 45-615.01, Arizona Revised
17 Statutes, as added by this act.

18 B. The appropriation made in subsection A of this section is exempt
19 from the provisions of section 35-190, Arizona Revised Statutes, relating
20 to lapsing of appropriations.

21 Sec. 21. Appropriation; Arizona system conservation fund;
22 exemption

23 A. The sum of \$30,000,000 is appropriated from the state general
24 fund in fiscal year 2019-2020 to the Arizona system conservation fund
25 established by section 45-118, Arizona Revised Statutes, as added by this
26 act.

27 B. The appropriation made in subsection A of this section is exempt
28 from the provisions of section 35-190, Arizona Revised Statutes, relating
29 to lapsing of appropriations.

30 Sec. 22. Severability

31 If a provision of this act or its application to any person or
32 circumstance is held invalid, the invalidity does not affect other
33 provisions or applications of the act that can be given effect without the
34 invalid provision or application, and to this end the provisions of this
35 act are severable.

36 Sec. 23. Emergency

37 This act is an emergency measure that is necessary to preserve the
38 public peace, health or safety and is operative immediately as provided by
39 law.

APPROVED BY THE GOVERNOR JANUARY 31, 2019.

FILED IN THE OFFICE OF THE SECRETARY OF STATE JANUARY 31, 2019.

Passed the House January 31, 2019,

by the following vote: 59 Ayes,
0 Nays, 0 Not Voting
with emergency
1 excused

[Signature]
Speaker of the House
[Signature]
Chief Clerk of the House

Passed the Senate January 31, 2019,

by the following vote: 27 Ayes,
3 Nays, 0 Not Voting
with Emergency

[Signature]
President of the Senate
[Signature]
Secretary of the Senate

EXECUTIVE DEPARTMENT OF ARIZONA
OFFICE OF GOVERNOR

This Bill was received by the Governor this

31 day of January, 2019.

at 5:10 o'clock P M.

[Signature]
Secretary to the Governor

Approved this 31 day of

January, 2019,

at 5:31 o'clock P M.

[Signature]
Governor of Arizona

S.B. 1227

EXECUTIVE DEPARTMENT OF ARIZONA
OFFICE OF SECRETARY OF STATE

This Bill was received by the Secretary of State

this 31 day of January, 2019.

at 5:37 o'clock P M.

[Signature]
Secretary of State